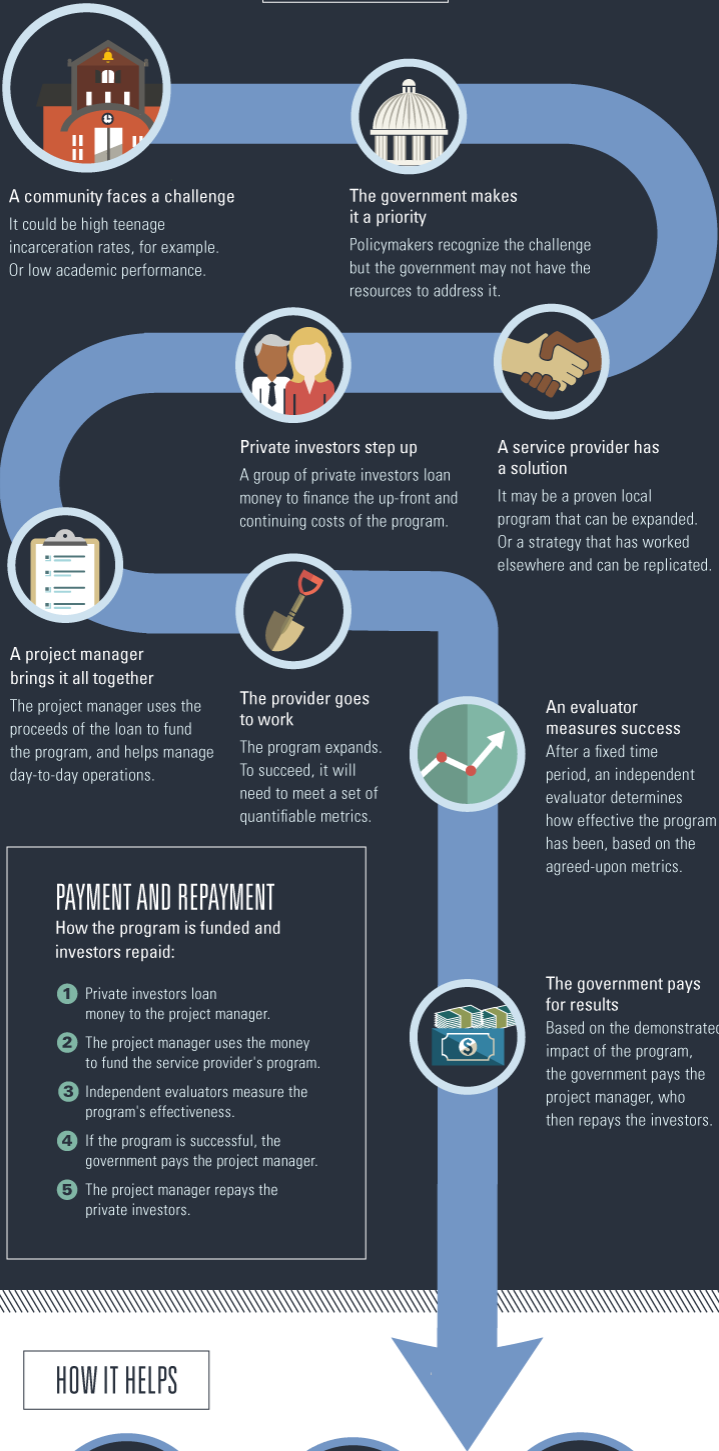


WHAT IS A SOCIAL IMPACT BOND?

City, state and federal budgets may be declining, but the social challenges those governments face aren't going away. To fill the gap, policymakers are turning to a new financing mechanism called a social impact bond. It's a public-private partnership designed to deliver ambitious social programs to underserved communities.

HOW IT WORKS



PAYMENT AND REPAYMENT

How the program is funded and investors repaid:

- 1 Private investors loan money to the project manager.
- 2 The project manager uses the money to fund the service provider's program.
- 3 Independent evaluators measure the program's effectiveness.
- 4 If the program is successful, the government pays the project manager.
- 5 The project manager repays the private investors.

HOW IT HELPS



THE COMMUNITY

Its needs have been driving the project from the beginning. The program's success can make a measurable difference for the people who live there.



THE GOVERNMENT

It gets to address a policy priority. And even after repaying the investors, it can achieve long-term savings.



THE INVESTORS

Depending on how successful the program is, they get their money back and earn a return.